

## 2003 PVO CONFERENCE: USAID MISSION PERSPECTIVES ON LOCAL NGOS

Adele Liskov, Deputy Director, Office of Private Voluntary Cooperation-American Schools and Hospitals Abroad (PVC-ASHA), moderated a panel discussion among five U.S. Agency for International Development (USAID) Mission directors on USAID partnerships with private voluntary organizations (PVOs) and local nongovernmental organizations (NGOs). A summary follows.

*Terry Myers, Mission Director,  
USAID/Russia*

Mr. Myers commented that, in countries where he has worked, USAID spends 70 to 80 percent of its resources working through NGOs or targeting NGOs. He said NGOs play a key role in mobilizing citizens and offer unique technical skills, local experience, leverage, and a commitment to establishing good governance.

### **USAID Mission Directors Panel**

David Adams, USAID/Haiti

Dawn Liberi, USAID/Nigeria

Terry Myers, USAID/Russia

Denny Robertson, USAID/Caucasus

Andrew Sisson, USAID/REDSO

USAID asks NGOs to provide four things: service delivery, representation and advocacy, mobilization of community groups, and accountability. Missions work with NGOs on different levels, either through unsolicited proposals or through requests for applications (RFAs). Constraints on working with NGOs include tense relationships with local governments. Local regulations regarding taxes and visas can affect how NGOs work, as can limits on freedom of expression or assembly. Additionally, local NGOs are often weak and don't have appropriate financial and management controls.

USAID faces a challenge in getting local governments to understand the role of NGOs, and in encouraging NGO sustainability. Mobilizing domestic financial support is often difficult. Missions can provide oversight, guidance and coordination to NGOs but need to offer greater clarity and transparency in grants administration. Missions' ultimate objective should be building local support for civil society and ensuring NGOs are sustainable and effective after USAID supports ends.

*Dawn Liberi, Mission Director, USAID/Nigeria*

Ms. Liberi commented that the Nigeria Mission recently approved a new 5-year strategy. About 25 percent of the Mission's budget is allocated toward working with U.S. PVOs and 500 local NGOs. Management capacity in the Mission is a key consideration in determining how and when to work with NGOs.

The Mission expects NGOs to provide services, local capacity building, institutional development, transparency, accountability and sustainability. Local capacity building is the most critical element in this list.

The Nigeria Mission is experiencing a lot of growth in HIV/AIDS programs, many of which are implemented with the help of NGOs. Mission staff are looking for creative ways to build local partnerships in this area. However, Ms. Liberi warned PVOs to stick to their areas of expertise, instead of simply “following the money.”

Ms. Liberi encouraged PVOs to establish public-private partnerships and consortia before approaching USAID. Unsolicited proposals are welcome; this is a good way to draw out innovative ideas. Finally, she encouraged NGOs to develop individual strategies for sustainability. Ms. Liberi noted that training local NGOs in grant writing is one way to build sustainability.

*Denny Robertson, Mission Director, USAID/Caucasus*

Mr. Robertson said he has a bias toward PVOs and NGOs. He noted that, in South Africa in the 1980s, he developed an appreciation for what local NGOs can do. In addition, he said he'd seen PVOs play a key role in reconstructing Cambodia.

NGOs' role in transition economies can be especially helpful; the primary goal in these situations is to build local capacity. In the new foreign policy environment, PVOs must make sure their programs are politically relevant.

One challenge for USAID is to create local partnerships that comply with procurement regulations. The USAID Mission in Romania established a successful health care partnership by offering a competitively awarded cooperative agreement in place of a contract. Mr. Robertson recommended this approach for other Missions. Neither PVOs nor USAID staff members necessarily know all the rules and regulations of grants, cooperative agreements, or contracts administration.

PVOs offer versatility, technical expertise, consultative approaches, and a favorable image. Weaknesses include a hesitancy to use funding to strengthen NGO operations. Finally, PVOs need to do a better job of sharing credit with USAID in publicizing their development work.

*Andrew Sisson, Mission Director, USAID/REDSO*

Mr. Sisson noted that he helped start USAID's program in Kosovo after the conflict there ended. He currently directs the REDSO Mission in Nairobi, Kenya. The Mission assists USAID Missions in East, Central and Southern Africa; operates regional programs to build the capacity of African regional organizations to address food insecurity, health issues, and conflict; and serves as the USAID bilateral Mission for the conflict states of Sudan, Burundi, Somalia and Djibouti.

Mr. Sisson said building local NGO capacity strengthens democracy, improves governance, and brings impressive returns on USAID's investment. He cited two examples of successful NGO activities: one program in Malawi supported an NGO to lobby the government to change its electoral law, while a program in Kosovo worked with an NGO to end Albanian revenge attacks on Serbs.

Mr. Sisson said he had seen USAID provide direct grants to NGOs as well as work through a PVO to provide sub-grants to many local NGOs. He said he prefers the second, “umbrella grant” approach because USAID is able to reach many more local

NGOs than on a one-to-one basis. It's important for USAID to choose the "right" NGOs to work with. Mr. Sisson said he uses the three "I's" as criteria for selecting NGO partners: integrity, intellectual leadership, and impact.

USAID must be wary of NGOs that are fronts for local governments or terrorist groups. This was a problem in Kosovo and is currently a concern in Sudan. Additionally, USAID must be sure that NGOs are focused on achieving real impact.

PVOs need a range of skills to be effective, including knowledge of the local scene, technical skill, local language capability, and a willingness to hire local staff in key positions. The PVO-NGO relationship works best when PVOs have local partners; this enhances credibility.

NGO programs also need exit strategies. PVOs should not provide too much funding, but should focus on providing experience and ideas. Also, technical assistance and funding should not be provided over too much time; this can promote dependency. Decisions should be made as quickly as possible.

Working in post-conflict states requires caution. Urgency to rebuild may lead to an overwhelming influx of donors, a proliferation of local NGOs that may not be credible, hasty proposals, thin knowledge of local conditions, reliance on expatriate staff, and weak donor coordination. Too much reliance on expatriate staff causes great resentment and undermines local capacity.

Finally, Mr. Sisson mentioned that the host country policy environment is extremely important for strengthening NGO capacity. Donors and PVOs can help to advocate for new laws that promote NGO vitality. USAID and PVOs need to be humble, look hard for local leaders, and try to understand the local context.

*David Adams, Mission Director, USAID/Haiti*

Mr. Adams noted that, since the mid-1990s, local NGOs have prospered in Haiti and have contributed to significant declines in infant mortality and childhood malnutrition. USAID's program in Haiti – funded at about \$70 million per year – focuses heavily on health and nutrition, but also implements activities in agriculture, microfinance and primary education. Haiti is one of 14 "emphasis" countries designated under the Bush Administration's global HIV/AIDS strategy. About 30 local health NGOs have established a "shadow national health network" in Haiti.

PVOs such as CARE and Catholic Relief Services have long been active in providing food aid and humanitarian assistance in Haiti, but are increasingly involved in development.

The Health Systems 2004 Project, implemented by Management Sciences for Health, provides competitive grants to 30 health NGOs annually and is a model for other fragile states. Grantees must meet stringent performance criteria established in collaboration with the Ministry of Health.

About eight public-private partnerships are currently operating in the health sector, providing training and supplies to health facilities, and assisting the Ministry of Health in improving service delivery.

NGO sustainability is a challenge for PVOs working in Haiti; many NGOs are heavily reliant on U.S. assistance. About 80 percent of USAID's food aid program is monetized. Because USAID budgeting is difficult to predict, it is increasingly important for NGOs to look for private, local sources of funding and for PVOs to develop exit strategies.

In collaboration with the Pan American Development Foundation, USAID has established a partnership with a local NGO, a for-profit institution, and members of the Haitian diaspora in the United States. The partnership currently focuses on rebuilding schools, but plans are underway to refurbish clinics and hospitals as well. This is an example of a model public-private partnership.

### *Questions/Comments*

Ms. Liskov asked the panel to elaborate on *how* to develop local NGO capacity. She suggested that there may not be a consensus as to how to define capacity building. Some organizations focus on achieving technical results, while others support institutional strengthening apart from technical programs. She asked, Can capacity building be accomplished without pursuing leadership, organizational learning, and autonomy ?

Mr. Myers responded that it depends on the state of the local NGO. Some NGOs simply don't have the ability to manage money. In cases like these, USAID should look at ways to help NGOs without spending a lot of time on accountability. USAID's Office of Transition Initiatives has done this through providing grants to NGOs in East Timor for items like motorcycles and computers. Other NGOs don't need technical assistance, but need help with grant writing or management training. In other cases, NGOs need help with building networks.

Mr. Adams commented that the strength of an organization rests on the strength of its personnel. PVOs in Haiti have done a good job of finding and hiring talented local staff. Trained local staff can contribute to local capacity by branching out and establishing their own NGOs.

Ms. Liberi commented that USAID and PVOs should focus on helping NGOs build efficient systems to attract funding over the long term. Local personnel may be hired away by international donors or the United Nations, but strong systems will remain.

Mr. Robertson noted that within transition economies, NGOs are often viewed with suspicion, so strengthening performance is critical.

One participant commented on several barriers to NGO strengthening, including increased competition between PVOs and NGOs. Many "successful" PVO-NGO partnerships are carried out by non-profit consulting firms or non-service delivery PVOs.

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-- Terry Myers, Mission Director,  
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Service-delivery PVOs, however, struggle to develop local NGO partnerships because NGO strengthening activities conflict with their organizational mission to carry out operations. This is how PVOs raise funds, and this is what their boards expect of them. PVOs have been struggling with this problem for at least 20 years, without much progress. USAID must confront the issue and help PVOs figure out how to change the way they operate.

A second barrier to NGO strengthening is emerging as local NGOs bypass USAID and U.S. PVOs to seek help directly from other technical assistance providers (i.e., facilitators, trainers). Finally, stringent donor requirements regarding numbers and results can impede the pace of NGO strengthening.

Mr. Sisson said he had seen successful umbrella projects where U.S. PVOs formed a consortium with other PVOs to round out their skill set. Mr. Adams stressed that the situation will vary by country. In the case of Haiti's food program, few local partners are available to work with PVOs.

Ms. Liberi noted that USAID worked with two large HIV/AIDS NGOs in Uganda who attracted so many clients that they outgrew their capacity. Because their accountability was at risk, USAID recommended that they partner with a U.S. PVO to build the appropriate capacity.

Mr. Adams added that "brain drain" continues to be a challenge for NGOs seeking to retain talented staff.

One participant asked about the likelihood of local philanthropic organizations funding NGOs after donors have withdrawn. Mr. Sisson noted that there was an interesting shake-up of NGOs in post-conflict Kosovo. When donors started to withdraw, only the strongest NGOs survived to attract additional donor funds. Local support in Kosovo has been slow to materialize because the private sector was destroyed during the war.

Mr. Myers said he knew of several sustainability success stories. He cited the example of a media NGO in Indonesia that attracted support from local companies to broadcast pro-democracy programs. Mr. Adams encouraged USAID and PVOs to focus on measuring performance and creating ownership among NGO employees.

Mr. Myers asked the audience to comment on the future role of USAID. One participant said USAID had become more responsive to the PVO/NGO community under Administrator Natsios. He said he appreciated USAID's emphasis on conflict mitigation and sustainability. He commented that USAID holds NGOs abroad to higher standard than would be applied to U.S. NGOs, and stressed that PVOs need to "be there for the long haul." He added that USAID and PVOs need to reach consensus on how to define sustainability. He suggested that it should be defined as "not leaving the region."

Mr. Sisson reiterated that exit strategies should be an integral part of sustainability. Ms. Liberi said the foreign policy establishment is rethinking what it means to disengage. She said USAID must be flexible about defining sustainability in different country contexts.

One participant asked about USAID support for local NGOs that take positions that challenge foreign governments. Ms. Liberi said the political changes that occurred in

South Africa could not have happened without U.S. support of local NGOs agitating for change. Panelists agreed that it is a sensitive issue and will vary according to U.S. foreign policy objectives in each country. Missions need to apply astute political management in cases where NGO advocacy might pose a threat. This includes securing the support of the U.S. Ambassador and key colleagues.

One participant asked about prioritizing among programs to build capacity of individual NGOs versus those designed to build the NGO sector as a whole. Mr. Sisson said it's possible to do both in one program, but if the country environment is particularly difficult (e.g., in Kosovo and Sudan), PVOs may want to focus on the sectoral approach.

One participant asked how capacity building can be appropriately documented and suggested that PVOs and USAID might not be patient enough to wait for results to materialize. Mr. Adams commented that GHESKIO, an HIV/AIDS NGO in Haiti, had evolved into a model local NGO with seed money from USAID, but the process took years. Mr. Robertson and Ms. Liberi reiterated that USAID must take a long view with respect to NGO strengthening. Developing a cadre of trained local professionals can have a significant impact on the NGO sector as a whole.

Another participant commented that USAID, in its Request for Proposals (RFPs), only provides a month for PVOs to develop NGO proposals and establish related consortia. This timeline is not optimal. Panelists agreed that the proposal process could be lengthened, but applicants should make a specific request and detail why more time would make a difference.

On the issue of post-9/11 changes, one participant noted that federal rules and regulations affecting NGOs are now being drafted from a counter-terrorism perspective. As a result, every 501(c)(3) organization is exposed to a high threshold and legal liability. He suggested that PVOs take a more active role in informing the rulemaking process in this area.

Another participant remarked that his organization isn't large enough to have contacts in country; it would be helpful for USAID to match PVOs with local partners. Mr. Robertson remarked that he solicited PVO/NGO input on the design of a recent RFP, but no one commented due to concerns about protecting intellectual property.

Finally, one participant remarked that the attacks of 9/11 led to a significant decline in foundation funding for PVOs. New visa regulations are also posing problems for PVOs conducting lateral training programs.